Chapter II

Growth of Self Help Groups in India
GROWTH OF SELF HELP GROUPS IN INDIA

2.1 INTRODUCTION

The Self Help Groups (SHGs) in our country have become a source of inspiration for women welfare. Nowadays, formation of SHG is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes. SHGs are also a viable organized set up to disburse micro credit to the rural women and to encourage them to enter into entrepreneurial activities.

The Self-Help Group generally has members not exceeding 20 and each Group selects from its members a leader called animator. The animator conducts two or three meetings every month. The group members save a regular amount of Rs.20 to Rs.100 or more every month. The group rotates the money to the needy members for various purposes at a low rate of interest. As the repayment is cent percent and the recycling is very fast, the saving amount increases faster owing to the accumulation of income from saving habits, which help the members to escape from the clutches of money lenders. This activity also paves the way for the Socio-economic empowerment of women and builds confidence in them that they could stand on their own. After the group stabilizes in management of its funds, it gives loan to the members. The SHGs are being linked with the banks for the external credit under the projects of rural development. The Joint Appraisal Teams consisting of bank managers, rural development officers, NGOs and project implementation units visit the groups and select the beneficiaries proposed by the groups for providing financial assistance. Besides focusing on entrepreneurial development of the beneficiaries and their village as a whole, the groups undertake the responsibility of delivering non-credit services such as literacy, health and environmental issues, etc.

2.2 SALIENT FEATURES OF SHG

❖ Group members usually create a common fund by contributing their small savings on a regular basis.
❖ Groups evolve flexible systems of working and manage pooled resources in a democratic way.
Loan requests are considered by groups in periodic meetings and competing claims on limited resources are settled by consensus.

Loans are given mainly on trust with minimum paper with and without any security.

The loan amounts are small, frequent for short duration and are mainly for conventional purposes.

The rates of interest and the purpose of availing loans vary from group to group. It is higher than that of banks but lower than that of money lenders.

At periodic meetings, besides collecting money, social and economic issues are also discussed.

Defaults are rare due to group pressure and intimate knowledge of the end use of credit.

2.3 SELF HELP PROMOTION

The process of external or outside support for identification and development of Self Help Groups is known as “Self help promotion” It consists of assisting individuals to join together and setup their own organization; promoting their individual and collective skills and opportunities to develop and manage activities and schemes on their own Self Help promotion aims at generating self-sustainable growth processes within the course of which the target group makes its own decisions, exercises its own rights and meets its own commitments.

The entire cycle of evolution or formation, functioning and stabilization of SHG can be divided into three stages. The interveners will have distinct roles to play in each of three stages. The sustainability will depend among others on the process of Group formation.

i. Stage – I Identification of natural affinities and formation of self help group
(4 to 6 months)

This is a very critical stage and the sustainability of groups will depend on how well the activities of this stage were performed.
As a first activity towards group formation process, the intervener has to launch awareness campaign in the area to sensitize the people or households about the concept and rational of self help groups. At this stage, interveners should not differentiate between the rich and the poor, as the concept should be made as widely acceptable as possible. Moreover, interveners should abstain themselves from making any kind of allurement to the people. Here, they should function in purely “Mission Mode”. Such campaigns may require repetition, once or twice, depending on the requirement which should be decided on the basis of neutral assessment of the level of sensitization of people towards the concept.

ii. Stage - II stabilization of group (6 to 15 months)

By this stage in the group, saving becomes regular, lending activities are strengthened and repayment is timely. In this stage, group and intervener or facilitator will have to perform the following.

a. Group should be linked with Bank as per the guidelines issued by the National Bank for Agricultural and Rural Development (NABARD). The bank will fix cash credit limit for the group.

b. In the meantime, the intervener or facilitator should assess entrepreneurial skill of group members and their interest areas for starting income generating self-employment programme.

c. Group members should be provided suitable training. It may be through dovetailing with other programmes in which there is some provision of training.

d. Group members should be helped to obtain loan advance from bank. However, they should be properly guided about the maintenance of accounts and investment.

e. During the entire period of stage-II, the intervener or facilitator should emphasize capacity building and skill development of the group members.

iii. Stage – III withdrawal of intervention (15 to 24 months)

Though interveners need to integrate or build in withdrawal in their strategy right from the beginning of the process in order that inventions will support the growth of self reliant people’s institutions and not increase their dependency.
During this period, the intervener and groups could also foster the emergence of apex bodies but the need for such bodies and the groups should substantially decrease. However, there will be continuous need to ensure that regular feedback and analysis of data is available in order to identify trends in financial management and group functioning.

2.4 PREREQUISITES FOR SUSTAINING SUCCESSFUL GROUPS

The following are the prerequisites for a SHG to remain successful.

a. Groups should be formed on the basis of inherent binding force already prevailing among the members.

b. Heterogeneous groups tend to break away in the long run; hence, the group should be as homogeneous as possible. The factor of homogeneity may be caste, economic status, etc. If groups are formed around a common interest, self help groups are called “Interest groups”. Interest groups tend to be more sustainable than merely credit groups.

c. Group functioning should be democratic otherwise non-participating members might distance themselves away from the groups.

d. There should be rotation of group leadership so that all members of the group get an opportunity to play managerial role. In case of constant leadership in the same person, it will have concentration of power in a very few persons which is a potential danger for the group.

e. The group should be Cohesive, all group members should have workable liking for each other.

f. Successful groups have a set of mutually agreed norms for prioritization of loan application or demands from their members. It will promote the feeling of safety among those members whose demand for loan was not acceptable at a point of time.

g. Groups should have everlasting binding force for the group members.

h. The Government should recognize the groups as a suitable platform for dissemination of knowledge or information.

i. The Government will have to consider the groups as a two way link between villagers or people and it.
TABLE 2.1
SOME BASIC FEATURES OF SHGs PROMOTED BY NGOs / BANKs

The following are some of the salient features of SHGs promoted by NGOs.

<table>
<thead>
<tr>
<th>1. Organization</th>
<th>Homogeneity in terms of economic/ socio-economic status, common identity of activities, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Nature of target groups</td>
<td>Generally poor and weaker sections of the people in rural areas and particularly women.</td>
</tr>
<tr>
<td>3. Management</td>
<td>Selected / elected leader and duty generally rotated. Holds meeting regularly</td>
</tr>
<tr>
<td>4. Financial instruments</td>
<td>Created out of savings interest earned on Loan, donation, etc.</td>
</tr>
<tr>
<td>a. Common fund</td>
<td></td>
</tr>
<tr>
<td>b. Savings mobilization</td>
<td>While in certain cases no fixed rate of Savings, in some cases regular and fixed rate of savings, in some cases as per capacity</td>
</tr>
<tr>
<td>c. Loaning</td>
<td>Decided by the purpose, quantum and the resources available with the SHGs, purpose of loans for individuals include consumption, clearing out side debt, social needs, medical needs, education, business, agriculture, etc. and loans for common production activities.</td>
</tr>
<tr>
<td>d. Repayment period</td>
<td>Generally lower than that prescribed by banks.</td>
</tr>
<tr>
<td>e. Rate of interest</td>
<td>Varies from 12 to 20 percent, in a few cases the interest rates are determined by the NGOs.</td>
</tr>
<tr>
<td>5. Linkage with banks</td>
<td>Banks treat SHGs as borrowers.</td>
</tr>
</tbody>
</table>

Source: Nambodiri and Shiyani (2001)
2.6 LINKAGE BETWEEN BANKS AND SELF HELP GROUPS

Once Self Help Groups are established, saving is regular and adequate capital is built up, individual group members can start individual micro enterprises and income generating activities by getting loan from their respective groups. There is every possibility that saving installment will also increase gradually which will enhance the common fund available with the group. The group – saved money is merely sufficient for small and short duration consumption loans.

Once consumption loan requirements of the group members are met with from group saved money, group capital can be enhanced through linking the group with bank and fixation of cash credit limit. The NABARD has started a pilot project for linking banks with self help groups. It has issued several guidelines to the banks. For the bank – SHG programmes, certain eligibility criteria have been designed for self help groups to be linked with the bank.

These criteria are as follows.

a. The group should have been in active existence for at least a period of six months.
b. The group should have successfully undertaken savings and credit operations form its own resources.
c. Democratic functioning of the group, where in all members feel that they have a say, should be evident.
d. The group should be maintaining proper accounts or records.
e. The banker should be convinced that the group has not come into existence only for the sake of participation in the programme and availing the benefits there under. There should be a genuine need to help each other and work together among the members.
f. The members of SHG should preferably have homogeneous background and interest, and
g. The interest of the NGO or Self Help Promoting Institution (SHPI) concerned, if any, in the group should evident and the agency should be helping the SHG by way of training and other support for skill up gradation and proper functioning.
If Groups are formed according to the prescribed processes, they would meet the above criteria and hence they will be linked with the bank.

2.7 MODELS OF LINKAGE BETWEEN BANKS AND SHGs

Three distinct models can be observed in linkage programmes between banks and low income groups.

a. SHGs formed and financed by banks – Model I.

b. SHGs formed by formal agencies and NGOs, but directly financed by banks – Model II.

c. SHGs financed by banks through NGOs – Model III.

The most common linkage model in India is where the banks deal directly with individuals SHGs. In case of most of these SHGs, the SHPI has provided the initial training, guidance to rural poor in organizing themselves into thrift and credit groups. In many cases, the SHPI has also provided some initial support to these SHGs to segment their resources. The SHPI also keeps a watch and ensures satisfactory functioning of the SHGs even after the linkage. While linkage of the banks is direct with the SHGs the SHPI has an important role in pre as well as post linkage stages.
A slight variant to Model-I is where Banks has provided financial support to SHGs which had grown almost spontaneously without any intervention of any SHPI. The SHGs were initially on the basis of a common activity, problem and look up thrift and credit activities. The cases of such linkage are of course not very common.
In this model, the SHPI play the role of a financial intermediary between the banks and a number of SHGs. Again, the SHPIs take up such responsibilities only in respect of the groups promoted by them. The SHPIs accept the contractual responsibility for repayment of the loan to the bank. In this respect it is an indirect linkage support to the SHGs. This model is quite common.

Another model, that has emerged, is a combination of SHG linkage concept and credit programmes where loan assistance is given to the individual members of the group and not to the group. It is also not directly connected to the savings of group. The loans in these cases are given only for income generating investment credit activities. The SHG and SHPI help bank in identification, preparation of loan application, monitoring, supervision and recovery of loans.

2.8 PROGRESS OF SHG – BANK LINKAGE – NATIONAL LEVEL

The SHGs get finance for their operations through banks. Hence, all the SHGs have a link with the banks. This sort of SHG – Bank linkage has been on the increase over past years.

Table 2.5 – summarises the developments that have happened in the linkage during the years 2006 - 07 across the six regions in India

<table>
<thead>
<tr>
<th>S.No</th>
<th>Region / State</th>
<th>Cumulative No of SHGs provided with bank loan up to 31 March 2006</th>
<th>No of new SHGs provided with bank loan during 2006-07</th>
<th>Cumulative No of SHGs provided with bank loan up to 31 March 2007 (3+4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A Northen Region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Himachal Pradesh</td>
<td>22,920</td>
<td>4,879</td>
<td>27,799</td>
</tr>
<tr>
<td>2</td>
<td>Rajasthan</td>
<td>98,171</td>
<td>39,666</td>
<td>137,837</td>
</tr>
<tr>
<td>Region</td>
<td>State/UT</td>
<td>Value 1</td>
<td>Value 2</td>
<td>Value 3</td>
</tr>
<tr>
<td>------------------------</td>
<td>---------------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Total (A)</strong></td>
<td></td>
<td>133,397</td>
<td>48,921</td>
<td>182,018</td>
</tr>
<tr>
<td><strong>B North - Eastern Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Assam</td>
<td>56,449</td>
<td>25,005</td>
<td>81,454</td>
</tr>
<tr>
<td>8</td>
<td>Meghalaya</td>
<td>735</td>
<td>476</td>
<td>1,211</td>
</tr>
<tr>
<td>9</td>
<td>Tripura</td>
<td>1,996</td>
<td>910</td>
<td>2,906</td>
</tr>
<tr>
<td>10</td>
<td>Sikkim</td>
<td>127</td>
<td>33</td>
<td>160</td>
</tr>
<tr>
<td>11</td>
<td>Manipur</td>
<td>1,468</td>
<td>1,215</td>
<td>2,683</td>
</tr>
<tr>
<td>12</td>
<td>Arunachala Pradesh</td>
<td>346</td>
<td>101</td>
<td>447</td>
</tr>
<tr>
<td>13</td>
<td>Nagaland</td>
<td>422</td>
<td>576</td>
<td>998</td>
</tr>
<tr>
<td>14</td>
<td>Mizoram</td>
<td>974</td>
<td>921</td>
<td>1,895</td>
</tr>
<tr>
<td><strong>Total (B)</strong></td>
<td></td>
<td>62,517</td>
<td>29,237</td>
<td>91,754</td>
</tr>
<tr>
<td><strong>C Eastern Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Orissa</td>
<td>180,896</td>
<td>53,555</td>
<td>234,451</td>
</tr>
<tr>
<td>16</td>
<td>Bihar</td>
<td>46,221</td>
<td>26,118</td>
<td>72,339</td>
</tr>
<tr>
<td>17</td>
<td>Jharkhand</td>
<td>30,819</td>
<td>6,498</td>
<td>37,317</td>
</tr>
<tr>
<td>18</td>
<td>West Bengal</td>
<td>136,251</td>
<td>45,312</td>
<td>181,563</td>
</tr>
<tr>
<td>19</td>
<td>UT of A &amp; N Islands</td>
<td>164</td>
<td>47</td>
<td>211</td>
</tr>
<tr>
<td><strong>Total (C)</strong></td>
<td></td>
<td>394,351</td>
<td>131,530</td>
<td>525,881</td>
</tr>
<tr>
<td><strong>D Central Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Madhya Pradesh</td>
<td>57,125</td>
<td>13,787</td>
<td>70,912</td>
</tr>
<tr>
<td>21</td>
<td>Chatisgarh</td>
<td>31,291</td>
<td>10,412</td>
<td>41,703</td>
</tr>
<tr>
<td>22</td>
<td>Uttar Pradesh</td>
<td>161,911</td>
<td>36,676</td>
<td>198,587</td>
</tr>
<tr>
<td>23</td>
<td>Uttarakhand</td>
<td>17,588</td>
<td>3,739</td>
<td>21,527</td>
</tr>
<tr>
<td>Region</td>
<td>State</td>
<td>Total (D)</td>
<td>Total (E)</td>
<td>GRAND TOTAL</td>
</tr>
<tr>
<td>------------</td>
<td>----------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>Total (D)</strong></td>
<td></td>
<td>267,915</td>
<td>64,814</td>
<td>322,729</td>
</tr>
<tr>
<td><strong>E Western Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 Gujarat</td>
<td>34,160</td>
<td>9,412</td>
<td>43,572</td>
<td></td>
</tr>
<tr>
<td>25 Maharashtra</td>
<td>131,470</td>
<td>94,386</td>
<td>225,856</td>
<td></td>
</tr>
<tr>
<td>26 Goa</td>
<td>624</td>
<td>395</td>
<td>1,019</td>
<td></td>
</tr>
<tr>
<td><strong>Total (E)</strong></td>
<td></td>
<td>166,254</td>
<td>104,193</td>
<td>270,447</td>
</tr>
<tr>
<td><strong>F Southern Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27 Andhra Pradesh</td>
<td>587,238</td>
<td>96,381</td>
<td>683,619</td>
<td></td>
</tr>
<tr>
<td>28 Karnataka</td>
<td>224,928</td>
<td>92,708</td>
<td>317,636</td>
<td></td>
</tr>
<tr>
<td>29 Kerala</td>
<td>86,988</td>
<td>30,925</td>
<td>117,913</td>
<td></td>
</tr>
<tr>
<td>30 Tamilnadu</td>
<td>312,778</td>
<td>87,699</td>
<td>40,477</td>
<td></td>
</tr>
<tr>
<td>31 UT of Pondicherry</td>
<td>2,499</td>
<td>2,499</td>
<td>2,499</td>
<td></td>
</tr>
<tr>
<td><strong>Total (F)</strong></td>
<td></td>
<td>1,214,431</td>
<td>307,713</td>
<td>1,522,144</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td></td>
<td>2,238,565</td>
<td>686,408</td>
<td>2,924,973</td>
</tr>
</tbody>
</table>

Source: NABARD and MICRO FINANCE 2006 - 07

**a. Northern Region**

The Number of SHGs stood at 133,397 as on March 2006. It rose by 48,921 during the year 2006 - 2007 and stood at 182,018 as on March 31, 2007 registering an increase of 48,921 groups. The Number of SHGs that have link with banks is found to be the highest in Rajasthan (137,837) as on March 31, 2007.

**b. North - Eastern Region**

The Number of SHGs stood at 62,517 as on March 2006. It rose by 29,237 during the year 2006 - 2007 and stood at 91,754 as on March 31, 2007 registering an increase of 29,237 groups. The Number of SHGs that have link with banks is found to be the highest in Assam (81,454) as on March 31, 2007.
c. Eastern Region

The Number of SHGs stood at 394,351 as on March 2006. It rose by 131,530 during the year 2006 - 2007 and stood at 525,881 as on March 31, 2007 registering on increase of 131,530 groups. The Number of SHGs that have link with banks is found to be the highest in Orissa (234,451) as on March 31, 2007.

d. Central Region

The Number of SHGs stood at 267,915 as on March 2006. It rose by 64,814 during the year 2006 - 2007 and stood at 322,729 as on March 31, 2007 registering on increase of 64,814 groups. The Number of SHGs that have link with banks is found to be the highest in Uttar Pradesh (198,587) as on March 31, 2007.

e. Western Region

The Number of SHGs stood at 166,254 as on March 2006. It rose by 104,193 during the year 2006 - 2007 and stood at 270,447 as on March 31, 2007 registering on increase of 104,193 groups. The Number of SHGs that have link with banks is found to be the highest in Maharashtra (225,856) as on March 31, 2007.

f. Southern Region

The Number of SHGs stood at 1,214,431 as on March 2006. It rose by 307,713 during the year 2006 - 2007 and stood at 1,522,144 as on March 31, 2007 registering on increase of 307,713 groups. The Number of SHGs that have link with banks is found to be the highest in Andra Pradesh (683,619) as on March 31, 2007.

It is inferred from the table 2.5 that Loan disbursement is found to be high in Southern Region followed by Central Region.
## TABLE 2.6

**SHG – BANK LINKAGE MODEL - WISE**

**CUMULATIVE POSITION UPTO MARCH 31, 2007**

<table>
<thead>
<tr>
<th>Model Type</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No of SHGs ('000)</td>
<td>Bank loans (Rs.crore)</td>
<td>No of SHGs ('000)</td>
</tr>
<tr>
<td>(i) Model I SHGs promoted, guided and financed by banks</td>
<td>218</td>
<td>550</td>
<td>0.2</td>
</tr>
<tr>
<td>(ii) Model II - SHGs promoted by NGOs/ Government agencies and financed by banks</td>
<td>777</td>
<td>3,165</td>
<td>0.2</td>
</tr>
<tr>
<td>(iii) Model III - SHGs promoted by NGOs and financed by banks using NGOs/ formal agencies as financial intermediaries</td>
<td>84</td>
<td>189</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total (i+ii+iii)</strong></td>
<td>1,079</td>
<td>3,904</td>
<td>0.2</td>
</tr>
</tbody>
</table>

**Note:**
1. NABARD has changed the data reporting format since 2006-07 and now does not publish model-wise cumulative figures relating to SHG Bank Linkage Programme.
2. Figures in parentheses are percentages to the respective total.

**Source:** NABARD

It is inferred from the table 2.6 that Loan disbursement is found to be high in Model II followed by Model I.
2.9 NON – GOVERNMENTAL ORGANISATIONS (NGOs)

Though government and banks have been playing positive roles in the promotion of SHGs, in terms of numbers, the non-governamental organizations (NGOs) rank as the premier SHPI. NGOs have been the main innovators of microfinance. The name, non-governmental, indicates that they are outside the frame work of government. In India, where Governmental system is fairly rigid and bureaucratic, NGOs are characterized by their flexibility and ability to evolve simplified work systems. While a group approach has been a developmental concept actively pursued by development practitioners for many years, the focused formation of SHGs under the micro finance frame work is a relatively never concept. It was initiated only in the late eighties by a few NGOs as an exclusive idea.

SHG – BANK Linkage Model wise Cumulative Position up to March 31 2007

The number of NGOs involved in the formation of Micro finance based SHGs has increased many fold in the nineties. The SHG linkage programme of NABARD through its widening network of institutions has contributed to expanding the micro finance based SHG movement. Some NGOs act as banking intermediaries, channeling finance to different SHGs formed and centralizing all the accounts and financial systems at the NGO level organization on women thrift and credit Groups.

In working with the rural people in its area of activity, NGOs realized that the key to the success of any programme of development and change in the empowerment of women is possible only through women working in union among themselves. The main basis for organizing these women’s groups was thrift and credit since it has been realized that any strong organisation has to rest on a certain degree of economic or financial activity and that based on the groups and graduate and develop into other areas of concern for socio-economic development.

The organization of the groups in the villages started first with visits to the village by the group organizers and coordinators. Initially, it was quite difficult for the group organizers to convince women to come out of their houses and form themselves into groups. But in most of the villages the group organizers as well as the coordinators persisted. For the first
In each village, women are organized into groups of 10 to 20 members and all these groups were combined into a Mahila Mandal which has a president, Secretary, Joint Secretary and a Treasurer. Though technically each member in SHG is a separate entry, for all practical purposes, the focal point is the Mahila Mandal. The meetings are also held for all groups together. The Mahila Mandals of all the villages are in turn federated into a federation for which the President, Secretary and Treasurer of each Mahila Mandal constitute the membership.

2.10 ACTIVITIES OF SELF HELP GROUPS

Majority of the groups were formed during 1999, after being motivated by Government officials and some of them are formed out of own interest. The groups conduct weekly meetings regularly and majority of the members participate regularly and achieve their objective through perseverance.

a. Self Management

In a self management (writing accounts, writing minutes of meeting, going to bank for transactions and getting entries in pass books), only group leaders are playing a major role because the other members have faith in the group leader (or) avoid taking responsibilities.

b. Loans

Majority of the group members have availed loan for their own occupational development, health, education and marriage purposes. The amounts are availed with these purposes.

c. Decision Making

The increased role of women in decision making in their house-held affairs has relatively increased in some aspects while make dominance consumers in same areas. Nearly
half of the respondents are willing to pursue a new activity mainly with the aim of increasing their income.

d. Micro Credit and Savings

Micro credit is given to the women through Self Help Groups for productive purposes by the banks. The economic empowerment of the poor women is the only means to the eradication of poverty. Financially increased access to credit liberates them economically and socially. Micro credit ensures the poor women employment and income.

e. Capacity Building

The success of women development depends on capacity building. The capacity building depends on better awareness of health, education environment, legal rights, improving functional literacy and acquiring better communication skills. Micro credit helps them organize their own business and production units.

f. Repayment

The group's members are making repayment of loan weekly. The repayment amount depends upon the size of loan. It consists of both principal and the interest, as the repayment obligation is fixed following equated installment method. La (2002), in his study has found out that the SHG members seemed to be highly responsive. When questioned they said that as they were earning out of the borrowed fund, they are finding it easy to meet the repayment obligation.

g. Maintenance and operation of Books and Accounts

Majority of the members are illiterate and a few are semi-literate. The writing of accounts is done by the members only in a few cases. In most of the Mahila Mandals the accounts and the minutes are written by a Writer who is paid an honorarium of Rs.50 to Rs.1000 per month, depending on the size and economic strength of the Mahila Mandal.

2.11 BOOKS AND ACCOUNTS

Each group has to maintain the following registers.

1. An attendance register where the presence, absence or leave of the members are recorded.
2. A thrift register where the regular savings as well as contributions to the development fund are recorded.

3. A loan registers where the purpose of the loan, the amount of loan and contribution to development fund, repayment and the balance are recorded.

4. A membership register is to be maintained where the member’s name, introducers name and the membership fee are recorded. The registers are for the Mahila Mandal as a whole, but there are separate folios for each SHG members.

2.12 MOBILIZATION AND STABILIZATION OF THE GROUP

This is a process of evolution for the group and would take about 4-6 months involving about 6-8 visits by the SHPI. During this phase, the following items are also to be taken care of by the SHPI.

Byelaws and Rules

The group will need guidance regarding formalities like byelaws and rules. A set of byelaws and rules should be evolved by the groups, if necessary, with the assistance of the NGOs

Records and Books

Every group must have a certain set of records. These records should give a full and transparent picture of the group activities. But a group of illiterate or semi-literate rural poor should not be bothered with too many records and books to maintain. The writing of books should also be the responsibility of the group members. The NGO personal may help in the initial stages, but their assistance for accounts writing should not continue for ever. If no literate members are available in the group, they should be encouraged to employ some local writers on a payment of honorarium.

Training

A very important aspect of the nurturing the strength of the SHGs is appropriate training, which must be extended to them at different points of time.
Meetings

Meetings are the core of the activity of any SHG. In fact, the revolution of the group is through these meetings. Thus the regularity of the meetings has to be built into the functioning of the groups. For this the representatives are present during all meetings of the first year of the group's existence to guide in its process of evolution.

Dealing with Banks

In the initial period, the groups require some support from SHPI with regard to their dealings with the bank branch and other financial and non-financial institutions. This help also should gradually be reduced and the group leaders and members should be able to take care of their dealings with the banks after a certain period of time.

2.13 Government Efforts in Promoting SHGs for Women

Micro finance is being practised as a tool to eradicate poverty the world over. During the last two decades, substantial work has been done in developing and experimenting with different concepts and approaches to extend financial services to the poor, mainly to the initiatives of the Non - Governmental organization (NGOs) and banks in various parts of the country.

In India, women constitute a sizeable section of rural work force. The realization of women's full potential is crucial to the overall socio-economic development and growth of a society. This realization will require a real understanding of people's attitudes and behaviour. It will be a revolution that will place gender at the heart of policy making and planning in all areas of development and that will awaken the full awareness among the people. With regard to their Multi-dimensional responsibilities, it is required to strengthen the status of rural women economically to enable them to stand in society on their own with confidence.

A series of research studies and some action research projects carried out by Natural Bank for Agricultural and Rural Development (NABARD) led to the evolution of “Self Help Groups (SHG) – Bank Linkage” model as a cost effective mechanism for providing financial services to the unreached and undeserved poor. NABARD has introduced the Self Help
Groups in 1992 which is generally treated as finance to a small group. This new approach, in other words, is known as Micro Credit.

In the Ninth plan a special thrust has been given on expedition’s adoption of the National policy of Empowerment of women and towards raising their status. Over the decades of planned development, the changed emphasis of women’s programmes from purely welfare and consumption oriented approach to a more pragmatic and development oriented one, has recognized women as productive workers and contributors to the economy of the country, to some extent in the upper social and economic strata of the society.

Some steps of the government towards upliftment of women are appreciable. The National Commission on Self Employment of women has focused on the tremendous contribution that the women of different sectors make to the national economy which led to the specific programmes like Support to Training for Employment Programme (STEP), Development of Women, Children in Rural Areas (DWACRA) Rashtirya Mahila Kosh (RMK), etc. Women Development Corporation set up in different states are also making concrete efforts towards improving the condition of women by upgrading their skills through training programmes and offering greater employment opportunities to them through schemes like public distribution, diary development, food preservation, social forestry, rural marketing etc, which are related to them in traditional occupations like agriculture, animal husbandry, fishery and others. However, prioritising to agriculture and rural development, generating productive employment and eradication of poverty, ensuring food and nutritional security for the women and children are some of the objectives of the common minimum needs programme of the government which would definitely result in the development and empowerment of women.

2.14 RASHTRIYA MAHILA KOSH

The Government of India sponsored Rashtriya Mahila Kosh (RMK) was constituted as a registered society on 30\textsuperscript{th} March 1993. The main objective of RMK is to facilitate credit support on micro finance to poor women for income generating activities. RMK mainly uses NGOs as its channelising agencies for identification of borrowers, delivery of credit support and recovery. Since its inception, up to 31\textsuperscript{st} January, 1999, RMK has been able to sanction
credit limits of Rs.57.09 crore through 367 NGOs to benefit 2,77,662 women. In addition RMK has also supported the formation of women’s thrift and credit societies, particularly known as SHGs through its Partner NGOs. RMK also offers support to develop and stabilise SHGs and to conduct awareness programmes among rural and urban women.

2.15 INDIRA MAHILA YOJANA

Indira Mahila Yojana was launched on 20th August, 1955. IMY is a central government sponsored scheme, a strategy to empower women by ensuring them direct access to resources through a sustained process of mobilisation and convergence of all ongoing sectoral programme. Under IMY, a very strong emphasis was laid on the formation of women’s SHGs at grass root level under the Indira Mahila Kendras. IMY scheme is operated at the district level as a sub plan to peculate to the village level and Indira Mahala appropriately through Block Society. IMBS at the block and Indira Mahila Kendra (IMK) at the village level and IMKS are established as registered societies and supported by mechanisms, both at the state and national levels. IMY has so far been adopted in 200 blocks of the country.

On 13th July, 2001, the Department of Women and Child Development announced the launching of “Swayamsidha” an integrated Self help group based programme to empower women by amalgamating the Indira Mahila Yojana and Mahila Samridhi Yojana. The scheme is aimed towards holistic empowerment of women through awareness generation and economic empowerment (Hindustan Times 2001). The Annual Report (2000-2001) of the Department indicates that by the end of January 2001, nearly 5,460 SHGs were formed by 85 village officers in different states as against the targeted number of 3850. It is estimated that a total of 120000 SHGs exist as a means of empowering rural women.

2.16 SHGS FORMED BY THE GOVERNMENT DEPARTMENT IN TAMILNADU

The International Fund for Agriculture Development (IFAD) assisted Tamilnadu women’s Development project was first introduced in Dharmapuri district in November 1989. It was extended to Villupuram, Cuddalore and Salem districts during 1991-92 and then to Madurai, Theni and Ramanathapuram districts during 1993 -1994, at present it is extended to all districts. The Tamilnadu Corporation for Development of Women Ltd. was the
implementing agency and Indian Bank was the nodal Bank for the project. Under the scheme, an amount of Rs.48.16 crores was disbursed as credit and a sum of Rs.32.33 crores as subsidy. Thus the total amount of Rs.80.49 crores was disbursed to 87541 SHG members with an average repayment of 85 percent. About 5207 SHGs with 120960 women members accumulated a total saving corpus of Rs.22.89 crores under the IFAD scheme which came to a close on 31st December 1998. The ultimate objective of IFAD was to leave behind self reliant and sustainable SHGs through a process of careful and slow withdrawal by NGOs and TNCDW in a phased manner. Sustainability of the groups was measured by the following parameters.

- Formulation of long term mission by the SHGs.
- Repayment of loan at more than 90 per cent.
- High group grading.
- Non dependence as NGOs and TNCDW.
- Adoption of best and healthy practices in family and SHG.
- Perceptible improvement in the income of the members.
- Net working – SHG Participation in federation.
- Contribution to Social development.
- High degree of cohesion between group members.

2.17 MAHALIR THITTAM PROJECT

In the light of the experiences gained in the implementation of the IFAD assisted TNWDP since 1989 -1990, the Mahalir Thittam had been launched with state funds to cover the entire state in a phased manner. It was an ambitious five year project envisaging the formation of 60,000 SHGs comprising 10 lakh women below the poverty line in the state by the terminating year of the project, with a total financial outlay of Rs.1,440 crores.

The mission of Mahalir Thittam is to improve the capacity of the poor and disadvantaged women to enable them cross all social and economic barriers and thereby to facilitate their full development.

- Achieve the equality of status of poor women as participants, decision makers and beneficiaries in the economic, social, cultural and democratic spheres of life.
• Create or reorient democratic, economic and social processes and institution to enable poor women to participate fully and actively in decision making in the family and community and at the local, district, state and national levels.

• Promote and ensure the human rights of women at all stages of their life cycles and

2.18 DANIDA –TANWA

DANIDA (Danish International Development Agency) assisted TANWA (Tamilnadu women in Agriculture) project, has been in operation in Tamilnadu since 1986. The objective of this project is to acquaint small and marginal women farmers with technological skills in agriculture through Training Cum Extension programme. RASEE (Rural Action for Self Employment and Education) formed in February, 1996 by a few members of the Resource Group of phase I of the project is now engaged in promoting TANWA farm women groups in the lines of NABARD SHG concept. About 135 groups are Functioning in various districts of the state. NABARD has been extending faculty / financial support for the training programmes organised for the project officers of the DANIDA-TANWA groups. DANIDA is enthusiastic about formation of SHGs among the family members of village Development Association formed for the smooth implementation of the watershed project so that there could be an integrated approach to the development of the area.

2.19 SERICULTURE SHGs

The Department of Sericulture as a pilot basis intends to form quality clubs called Seri 2000 in Coimbatore and Dharmapuri district. There will be 6-8 sericulture members in each club and a group leader to coordinate the activity. The members will be taught the latest techniques in drip irrigation, shoot harvesting and integrated pest and disease management in order to increase the production of mulberry leaves and boost output of silk worm cocoons which in turn will provide sustainable income of the silk worm breeders. The focus will be on voluntary participation and Formation of SHGs while personnel from the Sericulture Department will be the technical facilitators. In course of time, the sericulture department intends to increase the number of groups to cover all sericulture farmers throughout Tamil Nadu.
2.20 MICRO CREDIT AND WOMEN EMPOWERMENT

Sudha Rani, Uma Devi, Surendra (2002) say that “Empowerment is a multifaceted process which encompasses many aspects enhancing awareness, increasing access to resource-economic, social and political, but of which an equally important component in the Mobilization and organization of women into groups, because these groups form the basis for solidarity, strength and collective action”.

The programme for Development of Women and Children in Rural Areas (DWACRA) launched in 1982-83 has paved a way for establishing systematically organized women groups for enhancing their earnings as a self sustaining basis and increasing their access to and utilization of services like health, childcare and adult education among others.

2.21 ECONOMIC EMPOWERMENT

Economic Empowerment is the initial aspect of women development. Punithavath Pandian and Eswaran (2002) observe that “The economic empowerment means greater access to financial resources inside and outside the household, reducing vulnerability of poor women front he crisis situation like famine, flood, riots, death and accidents in the family and significant increase in women’s own income”. Economic empowerment gives women the power to retain income and use it at her discretion. It provides equal access and control over various resources at the household level. Financial self reliance of women both in the household and the external environment lead to empowerment of women in other spheres.

2.22 SOCIAL EMPOWERMENT

Self Help Groups provide social empowerment. Social empowerment means equal status, participation in and powers of decision making at the household level and also at the community and village level. Social empowerment of women enables them to participate in the decision making process in democratic institution. The women who rarely come out of their houses slowly begin to enjoy the gatherings and start participating in the discussion about financial matter, health and family problems. In the end, it leads them to discuss about politics too. This awareness which is unknown to the poor rural women till now, leads to social empowerment.
2.23 CONCLUSION

Self Help Group model of self employment generation seems to be a workable model. However, there will be need for utmost care in promotion of Self help groups. The intervener should adopt absolutely participator approach towards identification and strengthening of Self Help groups. The important component of Self Help group is mobilization and organization for women as the basis of solidarity, strength, and collective action when their participation is high in number of meetings interaction with different officials; they are empowered to some extent. Their decision making power also increased with the period of participation. The NGOs concerned may educate the men to co-operate with women for the betterment of the community and the economy as a whole. SHGs have empowered the women folk economically and socially. Though the credit provided is micro in nature, it has produced macro changes in the lives of the women who received it.

As a developing country, India faces constraints of resources for rapid socio-economic development. While there may be limitation of financial resources, available human resources are huge and yet to be fully exploited. Thus, the major challenge before the nation today is to evolve appropriate strategy for mobilizing the use of the available financial resources. Micro Finance is a medium for ensuring this by optimizing the use of the financial resources. The Task force on employment opportunities has underlined the importance of micro finance through self help groups as a potentially useful channel for generation of employment in the coming years.

Thus Government and Non-Government Agencies have made multifarious attempts to promote Self Help Groups. Serious and intensive efforts are being taken by NABARD in promoting capacity building of NGOs, encouraging and supporting innovations like SHG Federations, NGO Networking, replication of Bangladesh Grameen Bank community development societies approach based on the experience in Kerala credit Union, RRB as Self Help Promoting Institutions and other local initiatives based on sound principles of Micro Finance. The next chapter portrays Review of related Literature.